

Message Text

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ACTION OPIC-06

INFO OCT-01 EA-10 NEA-09 ISO-00 AID-05 EB-07 COME-00

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R 300453Z JAN 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6353

INFO AMCONSUL HONG KONG

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 1250

HONG KONG PASS TO TREASURY REPRESENTATIVE

E.O. 11652: N/A

TAGS: EINV, EFIN, IR, KU, ID

SUBJ: VISIT OF MARSHALL MAYS, OPIC PRESIDENT

REF: STATE 283384

1. OPIC PRESIDENT MARSHALL MAYS, ACCOMPANIED THROUGH MOST OF VISIT BY GERALD MORGAN, MET MINISTER OF MINES SADLI AND WIDE RANGE OF GOVERNMENT, FINANCIAL AND BUSINESS OFFICIALS DURING FIVE DAYS IN INDONESIA. HE ALSO VISITED THREE MAJOR OPIC SUPPORTED PROJECTS AND MET WITH OFFICIALS FROM THREE OTHER PENDING PROJECTS. DISCUSSIONS FOCUSED ON OUTLOOK FOR INVESTMENT CLIMATE, MECHANISMS FOR INCREASING INDONESIAN PARTICIPATION AND OUTLOOK FOR MAJOR MINING PROJECTS. VISIT PROVIDED IMPRESSION THAT INDONESIAN GOVERNMENT STILL HAS FAR TO GO BEFORE IT CAN CARRY OUT ITS INDONESIANIZATION GOALS AND THAT PROBLEMS DELAYING THIRD GENERATION MINING CONTRACT CONTINUE TO RESIST SOLUTION. PROSPECT OF MUCH REDUCED LEVEL OF APPLICATIONS FOR INSURANCE IN NON-UNCLASSIFIED

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RESOURCE SECTORS OFFSET BY INDICATIONS THAT MAJOR MINING

PROJECTS PREVIOUSLY APPROVED MAY BE SEEKING OF OPIC
COMMITMENTS IN THE NEAR FUTURE.

2. BOTH MINING MINISTER SADLI AND INVESTMENT BOARD
VICE CHARMAN SUHUD EXPRESSED KEEN INTEREST IN POSSIBILI-
TIES OF OPIC EXPLORING WITH MID-EAST COUNTRIES POSSIBLE
ARAB LOSS FOR MAJOR U.S. INVESTOR PROJECTS IN INDONESIA.
THIS POSSIBILITY ALSO OF KEEN INTEREST TO PACIFIC
NICKEL AND INCO OFFICIALS WHO MET WITH MAYS. VISIT
COINCIDED WITH TALKS BETWEEN INDONESIAN GOVERNMENT AND
OFFICIALS THESE TWO MINING COMPANIES WHICH MAY BRING
EARLY DECISION TO PROCEED WITH MAJOR MINING INVESTMENTS.

3. IN MEETINGS WITH FREEPORT, DARALON AND KAISER PROJECT
OFFICIALS, MAYS LEARNED OF ADDITIONAL CAPITAL
REQUIREMENTS AND PROBLEMS WITH PROJECT IMPLEMENTATION
(NOTHING OF INSURMOUNTABLE NATURE).

4. IN MEETINGS WITH INVESTMENT BANK AND BUSINESS
OFFICIALS, MAYS FOUND LITTLE EVIDENCE OF ANY PRACTICAL
SOLUTIONS BEING REACHED FOR ACHIEVING TRANSFER OF
MAJOR PARTICIPATION IN FOREIGN INVESTMENTS TO INDIGENOUS
INDONESIAN OWNERS. BOTH INVESTMENT BOARD AND SENIOR
INDONESIAN BUSINESSMEN EXPRESSED INTEREST IN POSSIBILITY
OF CONSULTATIONS AND ASSISTANCE BY DONALD HOAGLAND,
OPIC CONSULTANT, ON POSSIBLE APPROACHES FOR EXPANDING
INDIGENOUS SHARE OF FOREIGN INVESTOR PROJECTS. BUSINESS-
MEN ALSO INTERESTED BY POSSIBILITIES OF OPIC INSURANCE
FOR MANAGEMENT AND TECHNICAL ASSISTANCE CONTRACTS.
MAYS TALK TO AMERICAN MENS ASSOCIATION, AMCHAM AND
BRANCH BANK OFFICIALS RECEIVED VERY FAVORABLE AND
INTERESTED RESPONSE.
NEWSOM

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